Loan Against Securities: Unlock Liquidity Without Selling Your Investments

Introduction

In today's dynamic financial environment, businesses and individuals often face short-term liquidity challenges despite having strong investment portfolios. Selling these investments may not always be the right decision, especially when markets are favorable for long-term growth.

This is where a **Loan Against Securities (LAS)** becomes a powerful financial solution. It allows you to leverage your existing financial assets and access funds instantly without liquidating your investments.

What is Loan Against Securities (LAS)?

Loan Against Securities is a secured loan where borrowers pledge their financial assets such as shares, mutual funds, bonds, or fixed deposits to obtain funds from financial institutions.

Instead of selling your investments, you can use them as collateral and continue to benefit from their potential appreciation while meeting your financial needs.

How Does LAS Facility Work?

The process of availing a Loan Against Securities is simple and efficient:

- The borrower pledges financial securities to the lender
- The lender evaluates the market value of the securities
- A loan amount is sanctioned based on the Loan-to-Value (LTV) ratio
- Funds are provided in the form of a loan or overdraft facility
- Interest is charged only on the utilized amount

This structure makes LAS one of the most flexible funding options available in the market.

Key Features of Loan Against Securities

1. Quick Access to Funds

LAS ensures fast processing and disbursal, making it ideal for urgent financial requirements.

2. Retain Ownership of Investments

You continue to hold ownership of your securities and benefit from dividends, bonuses, or capital appreciation.

3. Flexible Overdraft Facility

Borrowers can withdraw funds as needed and pay interest only on the utilized amount.

4. High Loan-to-Value Ratio

Depending on the type of security, lenders may offer funding up to 50%–95% of the asset value.

5. Minimal Documentation

The process involves basic KYC and portfolio statements, ensuring quick approvals.

Types of Securities Accepted

Loan Against Securities can be availed against a wide range of financial instruments, including:

- Listed Shares
- Mutual Funds (Equity & Debt)
- Fixed Deposits (FDs)
- Bonds and Debentures
- Insurance Policies (in some cases)

The eligibility and LTV ratio depend on the type and quality of the asset pledged.

Benefits of Loan Against Securities

✔ No Need to Liquidate Investments

Avoid selling your long-term investments and continue benefiting from market growth.

✔ Lower Interest Rates

Since LAS is a secured loan, interest rates are generally lower compared to unsecured loans.

✔ No End-Use Restrictions

Funds can be used for business expansion, working capital, personal expenses, or any other financial need.

✔ Faster Approval Process

Compared to traditional business loans, LAS offers quicker turnaround time.

Who Should Opt for LAS Facility?

Loan Against Securities is ideal for:

- Business owners needing working capital
- Investors looking for liquidity without exiting the market
- Individuals with a diversified financial portfolio
- Companies requiring short-term funding

Loan Against Securities vs Selling Investments

Parameter	Loan Against Securities	Selling Investments
Ownership	Retained	Lost
Market Benefit	Continues	Stops
Liquidity	Immediate	Immediate
Tax Implication	Minimal	May attract capital gains tax
Flexibility	High	Limited

LAS clearly provides a more strategic advantage for those looking to maintain long-term wealth.

Risks to Consider

While LAS is beneficial, borrowers should also consider:

- Market fluctuations affecting collateral value
- Margin calls if asset value drops
- Interest obligations on utilized funds

Proper financial planning and expert guidance can help mitigate these risks effectively.

Why Choose Terkar Capital for LAS?

At Terkar Capital, we specialize in structuring customized funding solutions tailored to your financial profile.

- Strong network with banks, NBFCs, and financial institutions
- Quick processing and seamless execution
- Expert advisory on optimal funding structure
- End-to-end support from application to disbursal

We ensure that your funding requirements are met efficiently while maximizing the value of your financial assets.

Conclusion

Loan Against Securities is a smart and efficient way to unlock liquidity without disturbing your investment portfolio. Whether you are a business owner or an individual investor, LAS provides the flexibility, speed, and cost-effectiveness needed in today's financial landscape.

By leveraging your existing assets, you can meet your financial goals while continuing to grow your wealth.